


OGC:LRH/Jeb
JEW/tkl
28 September 1953

The Honorable
The Director of the
Bureau of the Budget
Bureau of the Budget
Washington 25, D. C.

My dear Mr. Dodge:

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By: 

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I am most appreciative of your thoughtful comments in your letter of July 14, 1953, regarding the problems this Agency faces arising out of the secrecy of its functions and activities. The relationships with the Congress in this respect have undergone a steady and, I believe, satisfactory development. As you know, there is presently under consideration the establishment of a Joint Congressional Committee which may contribute to the further development of that relationship. I have also been keenly aware that this Agency has suffered comment in the administrative branch to the effect that it has unlimited authority and is uncontrolled in its exercise of that authority. Your Bureau has been very helpful in keeping us informed of such comments, and I am grateful for its help in trying to ameliorate such criticism.

I am an advocate of eliminating unnecessary security restrictions, but I am also well aware of the heavy responsibility imposed on me by the Congress to protect intelligence sources and methods. On balance, I am led to believe that the present degree of security surrounding this Agency's functions is essential and that consequently we cannot always by explanation and information avert or answer uninformed criticism. In my opinion, this Agency receives considerable review from the administrative structure of the Executive Department so that the appropriate people outside of the

Agency are informed of its activities and of its manner of conducting them. Thus, your Office conducts an annual review through the budget procedures of the majority of our departmental work. It also is informed on operations which we must support by funds drawn from our annual reserve. As you know, I shall at all times be glad to inform you personally on anything you wish to know about the financial aspects of our activities.

In addition to the Bureau of the Budget, the Department of the Treasury is well informed on many of our financial transactions, and, of course, our agent cashiers are responsible to the Treasurer for money advanced to them. The majority of our departmental expenditures are fully audited by the General Accounting Office, and major policy issues involved in the use of unvouchered funds have been discussed with the Comptroller General's Office. Throughout the years this liaison has been conducted with that office and this Agency has found their advice and guidance most helpful in some of our unique problems. Other liaison is maintained with the Department of Justice on activities of mutual interest.

I realize the above does not include a considerable area of activities of a nature not normal to Government operations. However, there is continual close consultation particularly with the Department of State and the Department of Defense on all aspects of such activities, and in the last year there has been an additional review by the Psychological Strategy Board. In effect that Board has been abolished and now the Operations Coordinating Board has responsibility for policy guidance relating to activities in a large segment of this field. By statute this Agency was established under the National Security Council which furnishes it with policy directives. The activities of the Agency are responsive to those

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directives and other requirements of the N.S.C. That body is knowledgeable of the results obtained through regular reports furnished by the Agency. I believe, therefore, that while we have the appearance of floating freely we are actually well moored, both as to policy and as to administration.

I would appreciate greatly your thoughts on the above. Further, you are, I believe, aware of the internal safeguards set up by me and my predecessors, such as Audit Staffs, Special Investigation Section, an Inspection and Review Staff, and my own Inspector General. These, of course, may not be persuasive to persons outside of the Agency, but I feel that they have great importance in informing me in a field where I have such great responsibility.

After you have had time to consider this matter, I believe it would be desirable if we were to discuss the matter with a view to taking any action which is indicated to be necessary.

Sincerely yours,

Allen W. Dulles
Director

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